

Divorce and Retirement Benefits

All Funds

ENCUMBRANCES ON YOUR PENSION

Although your pension is normally exempt from any liens, the Division of Pensions and Benefits will honor court orders for child support, alimony or equitable distribution.

The New Jersey State retirement systems are not regulated by federal ERISA legislation which authorizes the payment of retirement benefits in accordance with the requirements of a qualified domestic relations order (QDRO) issued by a court, generally in connection with the granting of a dissolution of a marriage. Court decisions and opinions rendered by the Attorney General have, however, resulted in the pension systems implementing matrimonial court orders granting alimony, support, or equitable distribution against a member's monthly retirement allowance.

EFFECTIVE ONLY UPON RETIREMENT

Such matrimonial orders cannot take effect until the member retires and begins receiving a monthly retirement allowance. To be implemented by the Division of Pensions and Benefits, the matrimonial order must designate a specific dollar amount, a specific percentage, or a percentage of the benefit the member will receive based on the number of years of service the member accrued while married. The amounts withheld are sent directly to the divorced spouse unless the order specifies another payee such as a probation department.

For members of those retirement systems providing a spousal survivor's benefit (i.e., PFRS, SPRS, JRS), a divorce automatically precludes the former spouse from ever receiving a survivor's benefit.

WHEN WITHHOLDING CEASES

Upon the death of either the retired member or the divorced spouse, all withholdings mandated under a matrimonial order cease. In those retirement systems that permit a member to select a survivor's benefit option at the time of retirement (i.e., PERS, TPAF), court ordered withholding terminates upon the death of the retiree; but, if the divorced spouse is designat-

ed the beneficiary under the survivor's option, the surviving divorced spouse is then entitled to the survivor's benefit for as long as she or he lives. If another person is designated beneficiary of the survivor's benefit, the divorced spouse cannot receive any equitable distributions from the survivor's benefit paid to that other person.

Before a matrimonial order is issued, the text of the order should be sent to the Division of Pensions and Benefits for review and comment.

BENEFICIARY DESIGNATION

The Division of Pensions and Benefits cannot implement or guarantee the implementation of any "irrevocable designation of death benefits or selection of retirement option." Such designation or selection remains the prerogative of the member. However, you may make an irrevocable gift assignment of the rights and benefits of your group life insurance to your ex-spouse. Under an assignment, your ex-spouse has the right to name any beneficiary for any life insurance benefits payable at your death. You would lose any rights or benefits to your life insurance. This would include the right to name or change a beneficiary and the privilege of conversion upon termination of employment. This may satisfy a court order for an irrevocable designation of beneficiary.

A member involved in a divorce proceeding should review his or her beneficiary designations at the time divorce papers are filed and again after the final decree has been issued. Unless the member changes beneficiary designations, the member's last beneficiary designations would be the ones honored. If you are unsure of your beneficiary designations, you may request, in writing, the names of the beneficiaries on file with the Division of Pensions and Benefits. Write to the address below and include your name, Social Security number, and signature*. If you wish to change your beneficiary designation, you

*The Division of Pensions and Benefits cannot release the identity of a member's beneficiary without the member's written authorization.

must submit a properly completed *Designation of Beneficiary* form which is available from your employer, by contacting the Division of Pensions and Benefits, or over the Internet at:

www.state.nj.us/treasury/pensions.

HEALTH INSURANCE FOR FORMER SPOUSES

For **loss of health insurance coverage** (including dental and prescription drug) due to divorce or legal separation, your former spouse is entitled **to continue participation in the State Health Benefits Program** under the provisions of COBRA for a period not to exceed 36 months. Under COBRA your former spouse may be covered for health, dental and

prescription drug insurance during this 36-months as long as she or he is unable to receive similar coverage on his or her own, through an employer or new spouse, or if she or he has an existing condition not covered by available insurance. The cost of this coverage is borne by the participant and amounts to the full group rate of the benefit, plus an additional 2 percent administrative charge. You are responsible for notifying your employer within 60 days of a COBRA qualifying event such as divorce or legal separation. If the employee does not inform the employer of the change in dependent status within the 60 days, the employee may forfeit the dependent's right to COBRA coverage.

This fact sheet has been produced and distributed by:

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